

**NOMINATION OF JOHN A. McCONE TO BE A
MEMBER OF THE ATOMIC ENERGY COMMISSION**

HEARING
BEFORE THE
SENATE SECTION OF THE
JOINT COMMITTEE ON ATOMIC ENERGY
CONGRESS OF THE UNITED STATES
EIGHTY-FIFTH CONGRESS
SECOND SESSION
ON THE
NOMINATION OF JOHN A. McCONE TO BE A MEMBER
OF THE ATOMIC ENERGY COMMISSION

JULY 2, 1958

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**NOMINATION OF JOHN A. McCONE, OF CALIFORNIA,
TO BE A MEMBER OF THE ATOMIC ENERGY
COMMISSION**

WEDNESDAY, JULY 2, 1958

UNITED STATES SENATE,
SENATE SECTION OF THE
JOINT COMMITTEE ON ATOMIC ENERGY,
Washington, D. C.

The Senate section of the Joint Committee on Atomic Energy met at 10 a. m., pursuant to notice, in room P-63, the Capitol, Senator Clinton P. Anderson (chairman of the Senate section) presiding.

Present: Senators Anderson, Jackson, Hickenlooper, Knowland, Bricker, and Dworshak; Representatives Durham, Holifield, Price, Van Zandt, Patterson, and Aspinall.

Also present: James T. Ramey, executive director; John T. Conway, assistant director; David R. Toll, staff counsel; George E. Brown, Jr., and George F. Murphy, Jr., staff members; Joint Committee on Atomic Energy.

Senator ANDERSON. The meeting will be in order.

This is a meeting of the Senate section of the Joint Committee on Atomic Energy to consider the nomination of Mr. John A. McCone, of California, for appointment to the Atomic Energy Commission.

By resolution of the Senate, adopted January 20, 1947, in the 80th Congress, 1st session, the Senate members of the Joint Committee on Atomic Energy constitute a committee of the Senate to which nominations to the Atomic Energy Commission are referred. As a matter of courtesy and in accordance with past practice, I have invited the House members of the Joint Committee to participate in this hearing today. In the event any of the House members may wish to ask questions, I welcome them to do so.

The nomination of Mr. John A. McCone, of California, to be a member of the Atomic Energy Commission was submitted to the Senate on June 6, 1958, by the President, and is for a term of 5 years, expiring June 30, 1963.

A summary of Mr. McCone's background and experience, which was forwarded to the Senate with his nomination, is before each member of the committee and, without objection, I will submit that summary for the record.

(The information referred to follows:)

BIOGRAPHY OF JOHN A. McCONE

Born: San Francisco, Calif., January 4, 1902.

Education: Student, University of California.

Marital status: Married.

Experience: Construction engineer, Llewellyn Iron Works; 1929, superintendent, Consolidated Steel Corp.; 1933-37, executive vice president and director, Consolidated Steel Corp.; 1937-45, president and organizer, Bechtel-McCone

NOMINATION OF JOHN A. McCONE

Corp., engineers, Los Angeles; 1941-46, president and director, California Shipbuilding Corp.; 1945 to present, president and director, Joshua Hendy Corp. and Joshua Hendy Iron Works.

Miscellaneous: Director of the California Bank of Los Angeles; director, Pacific Mutual Life Insurance Co.; director, Industrial Indemnity Co.; 1947-48, member, President's Air Policy Commission; 1948, Deputy to Secretary of Defense; 1950-51; Under Secretary, United States Air Force.

Memberships: Phi Kappa Sigma Clubs; California Club; Los Angeles Country Club; Pacific Union Club, San Francisco; Burning Tree; Metropolitan Club of Washington; F Street Club of Washington; The Links, Deepdale, N. Y.; Blind Brook, New York City; Cypress Point, Pebble Beach.

Present position: President and director, Joshua Hendy Corp., Los Angeles, Calif.

Political affiliation: Republican.

Home: 1100 Oak Grove Avenue, San Marino, Calif.

Office: 612 South Flower Street, Los Angeles, Calif.

Senator ANDERSON. If there is no objection, I will also place in the record at this point a copy of a press statement issued by the Joint Committee which contains the public notice previously made by me on the floor of the Senate June 26, 1958, with regard to the hearing today.

(The information referred to follows:)

[From the Office of the Joint Committee on Atomic Energy. For immediate release, June 27, 1958. No. 169]

Senator Clinton P. Anderson (Democrat, New Mexico), vice chairman of the Joint Committee on Atomic Energy, announced that public hearing will be held Wednesday, July 2, 1958, to consider the nomination of Mr. John A. McCone to the Atomic Energy Commission.

The President, on June 6, 1958, nominated Mr. McCone, of California, to fill a vacancy on the five-man Commission that will occur June 30, 1958, when the term of Chairman Lewis Strauss expires.

The following notice of the hearing was given by Senator Anderson on the floor of the Senate June 26, 1958:

"Mr. President, on behalf of the Joint Committee on Atomic Energy, I desire to give notice that a public hearing has been scheduled for Wednesday, July 2, 1958, at 10 a. m., in room P-63 of the Capitol, the old Supreme Court chamber, to consider the following:

"John A. McCone to be a member of the United States Atomic Energy Commission.

"The Senate members of the Joint Committee on Atomic Energy consist of the Senator from Georgia [Mr. Russell], the Senator from Rhode Island [Mr. Pastore], the Senator from Tennessee [Mr. Gore], the Senator from Washington [Mr. Jackson], the Senator from Iowa [Mr. Hickenlooper], the Senator from California [Mr. Knowland], the Senator from Ohio [Mr. Brieker], and the Senator from Idaho [Mr. Dworshak].

"As in the past, House members of the Joint Committee on Atomic Energy will be invited to attend and participate in this hearing.

"I give this public notice so that any individual who may have information with reference to Mr. McCone may supply it to the Joint Committee on Atomic Energy."

Senator ANDERSON. Mr. McCone, do you have any statement you desire to make before we start questioning you?

**STATEMENT OF JOHN A. McCONE, NOMINEE FOR APPOINTMENT
TO THE ATOMIC ENERGY COMMISSION**

Mr. McCONE. Yes, Mr. Chairman, with your permission I would like to read a brief statement.

Gentlemen, in anticipation of my appearance here today, Senator Anderson has requested a statement of all of my financial holdings, business activities, and affiliations for incorporation into the record of this committee. This statement has been furnished and includes both

the direct and indirect holdings of my own or my wife, Mrs. Rosemary McCone.

Section 22 of the Atomic Energy Act of 1946, as amended, requires that—

No member of the Commission shall engage in any business, vocation, or employment other than that of serving as a member of the Commission.

If appointed to the Atomic Energy Commission, I will devote myself exclusively to the affairs of the Commission, and during my term of office will not engage in any business, occupation, or profession. I therefore propose to dispose of partnership interests and to resign as a director and officer of all enterprises conducted for profit and all educational or nonprofit organizations holding Atomic Energy Commission contracts.

I will be pleased to discuss and will appreciate the advice and counsel of this committee with respect to my business holdings, some of which are in public-held corporations, others in privately owned companies. Since the latter closely held companies do not have, nor ever have had, AEC contracts, I respectfully request that any questions concerning these particular matters be maintained on a confidential basis.

With respect to my stock in publicly owned corporations, I am prepared, as stated, to dispose of any holdings which present, or may seem to present, a conflict of interest.

The list of my holdings, with ownership of 1,100 shares of Dow Chemical stock and 3,600 shares of Tennessee Gas Transmission Co., stock, I will dispose of these shares should the retention of them be regarded by this committee as inadvisable, since both of these companies are important AEC contractors.

Common stock is also held by me in the Standard Oil Company of California and the Gladding McBean & Co., California, and the California Bank of Los Angeles. The California Bank and Gladding McBean & Co. have no known interest in AEC affairs. Standard Oil of California is a large company and is widely owned. According to a statement given to me by its president, it performs no work for AEC except a very modest research contract which it performed on a nonprofit basis. I see no reason why the sale of that stock should be necessary.

I own approximately 5 percent of the common stock of Industrial Indemnity Co., of San Francisco, and 5 percent of a partnership known as Industrial Underwriters. These are modest size companies engaged principally in the writing of workmen's compensation and liability insurance in the State of California and elsewhere. Controlling interest is owned by Messrs. K. K. and S. D. Bechtel, of San Francisco. Because of the present and future scope of Bechtel Corp.'s activities as an AEC contractor, I have arranged to dispose of these interests upon confirmation of my appointment. These interests are the only remaining business interests I have with the Bechtel family.

I own all of the outstanding stock of Joshua Hendy Corp., all of the outstanding stock of Panama Pacific Tankers, Inc., and approximately 10 percent of the outstanding stock of Prudential Acceptance Co., The latter company is a small automobile finance company, the majority of which is owned by my sister and has no connection whatsoever with AEC contracts or business. Joshua Hendy Corp. and Panama Pacific Tankers are engaged directly or through subsidiaries in the

shipping business as owners, charterers, and operators of ships under both American and foreign flag. Hendy vessels are employed in the transportation of chemicals, crude oil, and refined petroleum products and iron ore and bauxite.

Hendy & Panama Pacific Tankers and their subsidiaries are not, and never have been, engaged directly or indirectly in contracts with the AEC or in the transportation of materials specifically identified for use by the AEC.

While I am certain that no one would be able to trace or discover any conflict between the ownership of the stock in these companies and my duties and obligations as a member of the Atomic Energy Commission, and since I am unable to dispose of my interest in these personally owned companies, I have arranged to place my stock in trust with the trust department of the California Bank of Los Angeles. A copy of the trust agreement, which is irrevocable for a period of 7 years or for my term of office, whichever is the shorter, has been filed with this committee.

The trust agreement provides, among other things, that I will remove myself entirely from control of these corporations either directly or indirectly, that the trustees are empowered to vote the stock, and that I will be free from all management responsibilities. The trust agreement further provides that these companies are prevented from engaging in any contractual undertakings with the Atomic Energy Commission or acquiring stock interests in companies holding AEC contracts.

The trust agreement also provides that any dividends from these interests will be retained by the trustees except that the trustees are directed to pay for my account the applicable Federal and State income taxes resulting from such dividends.

I will naturally expect to answer questions on policy which are particularly in the public realm.

I wanted to make this statement of my personal finances for the record in order that any questions in the mind of any committee member might be resolved at this time.

Thank you, Mr. Chairman.

Senator ANDERSON. Thank you very much.

Do members of the committee have questions on this financial aspect? Mr. McCone has indicated that he has stock in Dow Chemical Co. and the Tennessee Gas Transmission Co., and he has more or less asked the committee if it has any suggestions as to the propriety of retaining those interests. These companies contract directly with the Atomic Energy Commission.

I want to say as far as I am concerned, I think you ought to sell them.

Mr. McCONE. Very well, sir; that is sufficient.

Senator ANDERSON. No; I want the others to express themselves very frankly on it.

Senator HICKENLOOPER. I think that would be up to Mr. McCone. I know a great many people who own stock interests in operations and still are in Government positions and it does not seem to affect the integrity with which they approach their duties and a minor stock interest is not a very important matter. But I would say that it is up to Mr. McCone. If he disposes of those, it might satisfy some to have him dispose of those interests. I personally would not think it would be necessary.

Senator ANDERSON. Are there any comments, Senator Knowland?

Senator KNOWLAND. I will say that Mr. McCone has made a forthright and complete statement in regard to it. These are the only two areas that I think might raise some question.

If Mr. McCone so felt, I would think it would eliminate any possibility of any question—if those having direct relationship with the Atomic Energy Commission could be disposed of.

Senator BRICKER. I feel the same way. Although it is not a controlling interest, I do not feel it makes any difference practically; somebody might have a question.

Senator DWORSHAK. I feel that same way, Mr. Chairman.

Senator ANDERSON. I say very frankly, Mr. McCone, I do not think it makes the slightest difference in the performance of your duty. I do not think the small amount of stock you have in Dow Chemical Co. would make any difference whatsoever in the way you treat Dow Chemical. I also recognize that the Armed Services Committee has questioned a good many witnesses about their ownership of stocks. Somebody might in the future question, Why does he keep stock in Dow Chemical and then make a contact with Dow Chemical for research work or for the construction of a reactor and all sorts of equipment when he is a stockholder in the company?

The same thing applies to Tennessee Gas Transmission Co. The Atomic Energy Commission is a large purchaser from Tennessee Gas Transmission Co., not a minor but a large purchaser. While your stock ownership is small, I think you would feel better if you did not have the stock under the circumstances.

I feel completely different about the California Bank stock. I see no possible objection to your ownership of that stock or any others you have discussed, but this is a matter you have to resolve for yourself.

I do believe when you are contracting directly with these companies and the contracts are important to them, that the ownership of stock is a matter on which you want to counsel with yourself, at least.

Do Members of the House have any questions?

May I ask one question with reference to Joshua Hendy? I do not feel we should take Joshua Hendy and deal with it because it is a privately owned company, but this question I believe is important.

Does Joshua Hendy own any industrial stocks?

Mr. McCONE. None at all. And to dispose of the question of those interests, I would like to tell the committee that I will accept your advice and those will be disposed of prior to my taking office.

Senator ANDERSON. If you have other people who give other advice, you take the advice you wish.

Mr. McCONE. Thank you, Mr. Chairman.

Senator KNOWLAND. I understand Mr. McCone does plan to resign his directorships.

Senator ANDERSON. I was going to come to that question next.

You do own all the stock of Joshua Hendy & Panama Pacific Tankers?

Mr. McCONE. That is correct, sir.

Senator ANDERSON. You cited yourself the prohibition against engaging in any other business or profession.

Mr. McCONE. That is right, sir.

Senator ANDERSON. You have prepared a trust agreement for the operation of those companies which you have filed with the committee?

Mr. McCONE. That is right.

Senator ANDERSON. Upon your confirmation, those trust agreements will become effective?

Mr. McCONE. That is correct.

Senator ANDERSON. They will remove you from the direction of the companies?

Mr. McCONE. Entirely.

Senator ANDERSON. You will not be responsible for the business management or for the operation of the companies in any way?

Mr. McCONE. In no way whatsoever.

Senator ANDERSON. Are there any questions on these particular transactions? These are privately owned companies in which he is a hundred percent stockholder in the two companies.

I believe you said these companies do not do business with the Atomic Energy Commission and never have?

Mr. McCONE. That is correct, sir.

Senator ANDERSON. This goes back to a previous conversation and if it is privileged you just say so quickly.

Have you had discussion of this with the Office of the Attorney General of the United States?

Mr. McCONE. Yes, I have.

Senator ANDERSON. Did the Office of Attorney General of the United States furnish you an opinion on the propriety of your retaining these corporate interests?

Mr. McCONE. They furnished an opinion to the White House and I requested a copy of that opinion and have received it.

Senator ANDERSON. Did the White House indicate to you whether or not that opinion could be made a part of our record?

Mr. McCONE. Yes, I requested that, if I so desired, be permitted to release it to this committee as part of the record and they have agreed that that can be done.

Senator ANDERSON. Do you desire to do so?

Mr. McCONE. Yes, I would like very much to do so.

Senator ANDERSON. I think that would be helpful to the committee if we had that.

To try to boil it down to its least common denominator, the Attorney General's Office confirmed your feeling that the transfer of these interests to a trust company would completely satisfy the legal requirement that you have no interest in any business or profession; is that a brief statement of the conclusions reached?

Mr. McCONE. The conclusion is expressed in one paragraph and I could read it. Then I would file the document with the committee for the record:

It is the conclusion of this memorandum that as a matter of law Mr. McCone may serve as Chairman of the Commission without being required to divest himself of his stock interests. However, if Commission action of any kind should be required with respect to any of the companies in which he is interested, directly or indirectly, Mr. McCone should disqualify himself from consideration of such matter and thus avoid any improper or illegal action.

It is suggested that his 100 percent stock interest in Joshua Hendy Corp. and Panama Pacific Tankers be placed in a voting trust to preclude any possibility that retention of these interests could be construed as causing him to engage in a business in violation of the Atomic Energy Act. This trust arrangement would also lessen possibility of benefit being derived from the influencing or direction of company action based on actual or supposed use of inside Government information.

That is the conclusion. The report is signed by Malcolm R. Wilkie, Assistant Attorney General, Office of Legal Counsel.

This copy is not signed, but a conformed copy can be supplied. It is an exhaustive report of 12 pages.

Senator ANDERSON. Are there any questions on that phase of his activities?

As I understand it, when you get into the contracting work, the Office of the Comptroller General is frequently called upon to pass on the rights of parties to continue the contract.

Would you have objection to our asking the Comptroller General if he concurs in this opinion?

Mr. McCONE. None whatsoever.

Senator ANDERSON. Are there any questions on this particular phase of his activities?

I should say that in the committee files there will be a letter from Mr. McCone outlining his present civic and educational organizations, most of which he is resigning, and his stock ownerships and a general statement as to his business interests and a copy of the trust agreement to which he has referred.

These will not be a part of the minutes of this hearing because I regard them as private. They will, however, be in the files of the committee unless there is objection on the part of some member.

Mr. McCone, I imagine I will have more questions and some of the others. So I think we will start with Senator Hickenlooper on general questions on policy.

Senator HICKENLOOPER. Mr. McCone, have you as yet been cleared for access to atomic data in the Commission, or will that come later if you are confirmed?

Mr. McCONE. A very exhaustive investigation has been made. I have not been informed whether I have been cleared, or not.

Senator HICKENLOOPER. By being cleared, I mean have you been briefed on top secret data involving the Commission and its activities as yet?

Mr. McCONE. No, sir.

Senator HICKENLOOPER. Is it your understanding that that will not occur until if, as, and when you are confirmed and appointed?

Mr. McCONE. That is correct.

A note has been given me by Mr. Lee, an executive assistant of mine, that the representatives of the Atomic Energy Commission staff have advised that I have been cleared.

I have not been briefed, nor have any matters of a privileged nature been discussed with me.

Senator HICKENLOOPER. That clearance, I take it, is a clearance against the time when you may be confirmed and appointed?

Mr. McCONE. That is correct.

Senator HICKENLOOPER. And assume your duties?

Mr. McCONE. I would assume so.

Senator HICKENLOOPER. Have you had any particular experience in the atomic energy field, Mr. McCone? I believe you were Assistant Secretary, or Under Secretary of the Air Force?

Mr. McCONE. Yes, as Under Secretary of the Air Force in 1950, and 1951.

Prior to that, in 1947, I was a member of the President's Air Policy Commission and in 1948 I was a special assistant to the then Secretary

of Defense James Forrestal. I had a close contact with atomic energy matters.

Since I have left Government I have had no privileged contact whatsoever.

Senator HICKENLOOPER. Since 1951?

Mr. McCONE. That is correct.

Senator HICKENLOOPER. In your connection with the University of California, or Cal Tech, have you been a member of the board of directors or the board of regents or some such board of one of those?

Mr. McCONE. I have been a member of the board of trustees of the California Institute of Technology.

Senator HICKENLOOPER. In connection with those duties have you had any intimate association with atomic energy matters?

Mr. McCONE. No, I have been familiar with the contracts and the work that Cal Tech has done for AEC or for the Department of Defense, dealing with atomic matters. Under the organization of Cal Tech the trustees approve the contracts, but they do not involve themselves in the operation.

Senator HICKENLOOPER. In the intimate activities of operating the contract?

Mr. McCONE. That is correct.

Senator HICKENLOOPER. I believe you are an engineer by profession, are you not, Mr. McCONE?

Mr. McCONE. That is right.

Senator HICKENLOOPER. I think that is all, Mr. Chairman.

Senator ANDERSON. Senator Knowland.

Senator KNOWLAND. Mr. McCONE, you have indicated your background in the Defense Establishment for a number of years. Of course, in the normal procedures the members of the Commission are first selected and then a determination is made on the chairmanship.

Might I ask whether your impression has been that if confirmed by the Senate, the intention is to have you serve as Chairman of the Commission?

Mr. McCONE. Yes, Senator Knowland, I believe that is the intention.

Senator KNOWLAND. That is all, Mr. Chairman.

Senator ANDERSON. Senator Dworshak.

Senator DWORSHAK. Mr. McCONE, you served in 1950 and 1951 as Under Secretary of the Air Force. Who was the Secretary at that time?

Mr. McCONE. Mr. Finletter.

Senator DWORSHAK. Do you know who recommended you for that position at that time?

Mr. McCONE. Originally the present Senator Symington and then that recommendation was followed up by Secretary Finletter.

The first people who spoke to me about accepting that post were Senator Symington and General Vandenberg.

Senator DWORSHAK. Is that because of the service you had rendered on the President's Air Policy Commission, so far as you know?

Mr. McCONE. And my subsequent work as a consultant to Mr. Symington and General Vandenberg when Senator Symington was Secretary of the Air Force and General Vandenberg was Chief of Staff.

Senator DWORSHAK. Have you ever been a candidate for any elective office?

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Mr. McCONE. No, sir.

Senator DWORSHAK. Have you ever held any other appointive offices except the two listed here?

Mr. McCONE. No, none.

Senator DWORSHAK. You have never been active in politics?

Mr. McCONE. No, sir.

Senator DWORSHAK. That is all, Mr. Chairman.

Senator ANDERSON. Mr. Durham?

Representative DURHAM. No questions.

Senator ANDERSON. Mr. Holifield?

Representative HOLIFIELD. No questions.

Senator ANDERSON. Mr. Patterson?

Representative PATTERSON. No questions.

Senator ANDERSON. Mr. Van Zandt?

Representative VAN ZANDT. No questions.

Senator ANDERSON. Gentlemen, I have one wire which came in this morning. This is the Los Angeles chapter of the Federation of American scientists:

We would like to suggest a few questions to ask.

No. 1: Academic freedom. Would he accept and encourage the critical evaluation of the AEC?

Mr. McCONE. Is that one question?

Senator ANDERSON. It seems to be. I was going to ask you a question about academic freedom, but I thought I would get these out of the way first:

Would he accept and encourage critical evaluation of the AEC?

Mr. McCONE. I think that any department of the Government should be under constant examination and review because in these vast organizations there is always room for improvement.

I would assume that evaluations have been made by the Commission itself and by outside consultants and by this committee, and consultants engaged by this committee.

If further evaluation was in order, I would certainly enthusiastically support it.

Senator ANDERSON. The next question is on unrestricted security. It seems to be divided into three parts:

Would he wish to list everything AEC touches as classified?

Mr. McCONE. No, of course not.

Senator ANDERSON (reading):

How would he advise the American public so that we would know at least as much about nuclear developments as other nations?

Representative PATTERSON. I think those questions in the telegram are unfair, Mr. Chairman.

Senator HICKENLOOPER. That is like the "have you stopped beating your wife" question.

Representative PATTERSON. I think Mr. McCone should be given an opportunity to look over that telegram and think about those questions.

Representative VAN ZANDT. It involves policy, Mr. Chairman. I do not think Mr. McCone wants to sit here and in a matter of a few seconds establish a policy that might fire back later on.

Representative PATTERSON. As to the first question, in my opinion you would have to know what the criticism was going to be. I do not

think the Commission should be subject to criticism at every turn of the road.

If it deserves being criticized, I am sure Mr. McCone would go along with that, but a question propounded like that at a hearing is ridiculous, in my opinion.

Senator ANDERSON. I leave it purely up to you, Mr. McCone.

As I say, this wire came in this morning. I had never seen it before until I started over here.

Mr. McCONE. This matter of classification of information has been under constant study and review by the highest authority in government and your committee, and it is impossible for me to enunciate a policy or viewpoint at this time.

Senator KNOWLAND. You certainly have to know all the surrounding facts on it before making a policy determination.

Mr. McCONE. Certainly.

Senator ANDERSON. I think I can help a little bit on what these people are worried about in connection with the expectation that the American public might know as much about nuclear development as other nations.

There was a news story a day or two ago that the Japanese had detected a nuclear explosion that they thought ran to 20 megatons. So far as I know, the American public knows there might have been one, but has no idea whether it was a kiloton, 10 kilotons, or 10 megatons, and the American public probably will never know, but the Japanese will know and the Russians will know.

These people hope that the day may come when the American people can also know. The fact there was a test was announced by the AEC, but nothing was said about the yield at all.

I have a theory as to why the yield was not announced.

The other question was:

Would he encourage Government development of nuclear power and electric power?

It does not matter to me whether the questions are answered. I do believe that these scientists who for a long time have had a point of view quite different from the point of view of the Atomic Energy Commission are also citizens and also probably have some rights.

Senator HICKENLOOPER. Mr. Chairman, I think, for the record, as long as this telegram has been injected, we ought to know the names of these scientists—who they are, whom they represent, and so on.

Senator ANDERSON. I would be happy to do that if I had all the names of the members of the Los Angeles chapter.

This is signed by Paul Bowman, chairman, Los Angeles Chapter of the Federation of American Scientists, Box K, Cal Tech, Pasadena, Calif.

Does that name strike any familiarity with you?

Mr. McCONE. No.

Senator ANDERSON. Were you a trustee of Cal Tech?

Mr. McCONE. Yes; I was.

Senator ANDERSON. At the time the Cal Tech scientists expressed themselves on the subject of nuclear testing did you enter into that controversy a little bit?

Mr. McCONE. Indeed I did; yes, sir.

Senator ANDERSON. Did you write a letter with reference to it?

Mr. McCONE. Yes; I did.

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Senator ANDERSON. Would you mind giving us what was in the letter?

Mr. McCONE. No; I will be very happy to.

Senator ANDERSON. This was the group that Harrison Brown and others were members of; was it not?

Mr. McCONE. Would you like me to read this letter?

Senator ANDERSON. You may read parts of it.

Mr. McCONE. This is a letter to Dr. Thomas Lauritsen, who was 1. of the 10 signers of a statement that was, I thought, an improper statement for a group of scientists at Cal Tech to make because the statement in my opinion was misleading to the American public and I thought that there was some purpose behind the statement other than that of getting a professional viewpoint into the hands of the American public.

Senator ANDERSON. You think there was a purpose behind it?

Mr. McCONE. Yes; a purpose other than giving information that would be of value to them (the public).

Senator ANDERSON. To the enemy?

Mr. McCONE. No; of value to the American public in appraising the dangers of bomb testing and fall out.

Senator ANDERSON. Let me see if I can get the background straight.

These scientists felt that it might be all right to have a halt in nuclear testing?

Mr. McCONE. Unilaterally; that is right.

Senator ANDERSON. Are we not now discussing with Russia a halt in nuclear testing?

Mr. McCONE. Yes, sir.

Senator ANDERSON. They were just a little ahead of us.

Mr. McCONE. No; they (the scientists) were advocating a unilateral stopping.

Senator ANDERSON. Do you have their statement?

Mr. McCONE. No; I do not have their statement. Maybe I do. Yes, sir; here are the first two paragraphs.

For some time Gov. Adlai Stevenson has urged that the United States take the lead and renounce further H-bomb tests for as long a time as other nations likewise refrain from testing these devices.

Senator ANDERSON. Is that unilateral?

Mr. McCONE (reading):

This suggestion has been attacked as advocating a dangerous unilateral action and as advocating a step which would permit the Russians to get ahead of the United States in nuclear technology.

Senator ANDERSON. You say that that was unilateral? They did not recommend unilateral action.

Mr. Harrison Brown insists at no time did they recommend unilateral action and the position they take at this time does not recommend unilateral action any more than the present position of the United States Government at this time does not recommend unilateral action; is that correct, Mr. McCONE?

Mr. McCONE. It was my impression at the time, sir, that the idea was that if we would go ahead and stop tests, why, then, the Russians would also stop testing. It was unilateral in that respect.

Senator KNOWLAND. Mr. Chairman, might I interject at this point?

Is it not possible that the problem arises as to whether or not this stoppage of testing is only to depend upon a so-called agreement, or

whether there are to be adequate safeguards to such an agreement to make certain that it is not in fact unilateral that the stopping of testing take place?

Senator ANDERSON. I do not know. The only reason I was interested in it is that we have many thousands of scientists interested in our present programs.

Here were 10 scientists who individually decided it was safe for this country to stop testing as long as other countries stopped testing.

Mr. McCONE took them pretty strongly to task and there were suggestions which I understand he did not make; that they all be fired.

They were distinguished people, they expressed themselves.

Now, if Mr. McCONE becomes Chairman of the Commission, and it has been established that he would, do you think a scientist would dare express himself on the subject if he worked for AEC while you were Chairman?

Mr. McCONE. There was no scientist fired from Cal Tech on advice or recommendation from me, sir.

Senator ANDERSON. I realize that. I tried to say that in advance, that I did not believe you recommended they be fired, but there were suggestions that they be fired.

Was yours not the only letter that was sent to the people?

Mr. McCONE. I do not know that. My letter was addressed to Dr. Lauritsen, who was one of the signers. I did not send a letter to the President, nor did I send a copy of this letter to the president of the university.

Senator ANDERSON. Was it given to the press?

Mr. McCONE. No, sir.

Senator ANDERSON. It has not been published?

Mr. McCONE. It has never been published; no, sir.

Senator ANDERSON. Do you want to summarize your attitude toward it, or do you want to read the whole letter?

Mr. McCONE. I can summarize this. I thought that the suggestion of a unilateral stopping of testing on our part was a dangerous procedure.

Senator ANDERSON. This was not a suggestion for unilateral testing?

Mr. McCONE. Well, my impression at that time was that it was in support of a suggestion made a few days earlier by Governor Stevenson that we proceed on a unilateral basis.

Senator ANDERSON. Did not the scientists try very hard to protect themselves against that?

Mr. McCONE. They have since then, sir, but it seemed to me that they moved pretty rapidly behind a program for unilateral stopping of tests at that time.

Senator ANDERSON. You keep using the term unilateral stopping. Will you introduce some statements of theirs, or this statement of theirs, that indicates they wanted to do this unilaterally? That would solve the whole problem.

Mr. McCONE. I would have to have time to get the various statements in their full context in order to do that, sir.

Senator ANDERSON. Do you have a statement there from them?

Mr. McCONE. This statement of theirs really is in support of a statement made by Governor Stevenson. To determine exactly what they are driving at you would have to have Governor Stevenson's statement as well, and I do not have that.

Senator ANDERSON. You are not trying to associate them in some way with this as to what their statement was about, what he said?

Mr. McCONE. No; except in their opening line they referred to his statement. It was his statement that caused this statement on their part.

Senator ANDERSON. I did not like the unilateral implications of his earlier statement much better than you did. Maybe that was because Mr. Holifield and I had tried very hard to write into the Democratic platform a plank which we thought was an improvement.

The only point that I would like to determine is what is your attitude toward a scientist who expresses himself on a public question as an individual?

Mr. McCONE. I have no objection to a scientist expressing himself as an individual, nor do I have any objection to a group of scientists expressing themselves on any subject they want to express themselves on.

Senator ANDERSON. Is that not exactly what happened out there? A group of scientists expressed themselves on the situation.

You will admit from your letter you took violent exception to it, will you not?

Mr. McCONE. I think it is one thing to object to a scientist expressing himself; it is another thing to take exception to what he says. But in this instance I took exception to this particular procedure that was followed because I thought this group of scientists used their position as professors of distinction at the California Institute of Technology not to express themselves on a particular technical matter, but to inject themselves into a political discussion.

Scientists have an absolute right to do that, but not as a group and not using the university as a platform for so doing, in my opinion.

Senator ANDERSON. Not as a group?

Mr. McCONE. Not as a group who are using the university as a platform.

Senator ANDERSON. Now, Dr. Teller has made some statements about the ability to detect tests. He is a scientist. He was connected with the University of California. He is now in charge of the Atomic Energy Commission's Livermore Laboratories. He testified before the Disarmament Committee headed by Secretary Humphrey.

Do you see anything wrong in that?

Mr. McCONE. Not at all.

Senator ANDERSON. Then he went on to television and expressed himself very freely on the subject.

Is there anything wrong with that?

Mr. McCONE. Nothing at all.

Senator ANDERSON. What is the difference between what Dr. Harrison Brown did and what Dr. Teller did?

Mr. McCONE. Well, Dr. Teller was speaking as an individual and as an authority in a particular area. I felt, as I have said before, that Dr. Harrison Brown recruited 10 men, I assume he did, 10 of them together, and using their position in the institute, injected themselves into what appeared to me to be a political argument. That was my objection to their procedure.

Senator ANDERSON. Now Dr. Lawrence, who is a very fine scientist, with Dr. Teller went over and made statements on the steps of the White House on this nuclear testing matter.

Do you think that was improper?

Mr. McCONE. If they did it under the authority of the University of California, I think it was improper.

Senator ANDERSON. Did these people do anything under the authority of California Tech?

Mr. McCONE. The original statements came out as "California Tech scientists do this."

Senator ANDERSON. If the men got to the steps of the White House and some newspapermen say, "The University of California scientists say so and so," that would have been wrong? They are University of California people. You cannot separate them from their academic background any more than you can separate Harrison Brown and the men who wrote the letter.

Mr. McCONE. That is correct. For that reason, they have to be extremely careful.

Senator ANDERSON. And somewhat quiet?

Mr. McCONE. No; I do not think quiet, but I think they have to be extremely careful just as spokesmen for industry or spokesmen for the law have to recognize responsibilities as well as their freedom.

Senator ANDERSON. I wish you would help me differentiate what Harrison Brown and his group did in California and what Dr. Teller and Dr. Lawrence did on the steps of the White House.

They announced at the White House you could not possibly detect an explosion underground. That was just before the Nevada shot. However, it was detected some 2,350 miles. I did not think there was anything wrong with it. They expressed themselves quite frankly. I am trying to find out what was wrong with what these people did at California Tech. They were members of the California Tech faculty, but they were not acting as faculty members. They were acting as individuals. As individuals, they thought it would be all right to stop the testing of nuclear weapons provided other people would stop at the same time.

We now have a delegation in Geneva proposing we stop the testing of nuclear weapons provided other people stop testing at the same time. What was unpatriotic at one time is patriotic now.

Could we put some sort of interpretation on it?

Mr. McCONE. Maybe I could clear up this point by reading this letter, with your permission.

This is to Dr. Lauritsen. This was on October 15, 1956:

OCTOBER 15, 1956.

DR. THOMAS LAURITSEN,
*California Institute of Technology,
Pasadena, Calif.*

DEAR DR. LAURITSEN: This morning I read with amazement your statement. It seemed to me the arguments you use concerning renouncing the H-bomb tests are without validity. Indeed, your arguments completely support the position of President Eisenhower and his administration that experimentation and tests must continue until a system of international control is developed.

You mention Foreign Minister Shepilov's statements of July 17, suggesting abandoning of bomb tests; but what you fail to mention is that on almost the day Mr. Shepilov made the statement the Russians were conducting nuclear tests in the interior of Siberia.

You, Dr. Lauritsen, and your associates know the lead time required to conduct a test. You know that almost a year must transpire from the time the test is decided upon until it is made. This year is consumed in planning, assembling material and construction and, finally, in the transportation of the device to be tested. Now, if we make a unilateral decision of a type you and your associates

advocate and then Mr. Shepilov does as he did last July—turns around and sets off a few hydrogen bombs in their own testing ground—where do we stand? The answer is simple. We have lost a year; we are behind in the race; all of the dangers which you enumerate in your press release have been multiplied; valuable time has been lost; a reckless decision has been taken and the security of America placed in jeopardy because of it.

You point out that we are caught in a nuclear armament race, that time is running out and that nothing is being done to arrest the competition in this field between nations. You know that President Eisenhower went to Geneva in an effort to solve the disarmament question. You know that Secretary Dulles has met repeatedly with the foreign ministers of other countries, including Russia, in attempting to find a reasonable answer to the disarmament problem. You know that the United Nations has had its committees on disarmament in almost continuous session during recent years. You know that President Eisenhower placed Mr. Stassen in his Cabinet and assigned him exclusively to the task of finding an answer to the disarmament riddle. You know that 81 nations are now meeting in New York furthering our President's atoms-for-peace program. You know of these actions but still you state that time is running out and infer nothing is being done. How do you reconcile your position with the facts as I have outlined them?

Your statement is obviously designed to create fear in the minds of the uninformed that radioactive fallout from H-bomb tests endangers life. However, as you know, the National Academy of Sciences has issued a report this year completely discounting such danger. Also you know from your close contact with the tests that one of the important objects of them is to develop techniques for reducing fallout. The tests are to be applauded rather than criticized on this particular ground.

Your proposition that postponement of tests will delay the time when other nations might possess practical H-bomb experience seems to have no foundation. In fact, it is an argument that has for several years been a prominent part of Soviet propaganda and you apparently have been taken in by this propaganda. No nation, friendly or unfriendly, has so much as hinted that our tests are stimulating their work or, on the contrary, that a unilateral decision on our part to abandon tests would cause them to decrease their emphasis on bomb development.

As far as our prestige in Western Europe is concerned, I have spent much more time in Europe during the past 2 years than you have and have been in touch with the civilian or military officials of practically all Western European governments and I can tell you from personal knowledge that our conduct of tests, H-bomb or other nuclear devices, is not at issue with our prestige in Western Europe.

You infer that our Government shields our people from the realities of the dangers which confront us. This impression is false. President Eisenhower has repeatedly warned us of these dangers. Secretary of the Air Force Quarles dealt with the question at length in addressing the World Affairs Council in Los Angeles on last Wednesday. Secretary Wilson dealt with it last night on TV. Secretary Dulles has discussed the danger time and time again. Mr. Peterson of the Office of Civilian Defense has criss-crossed the country for 4 years warning of the very dangers of which you speak. Vice President Nixon has discussed the subject in Los Angeles and elsewhere in the United States on many occasions. The country has been advised time and time again that others have developed the H-bomb and the A-bomb, that they are building up stockpiles, that they have aircraft to deliver them. Our people have been repeatedly warned of the dangers—not shielded from the facts as you infer.

Surely the unilateral abandoning of the very tests which are an essential part of any development of this type does not improve the very situation that seems to worry you. On the contrary, it gives the advantage to our adversary and greatly increases rather than decreases the danger of America and the security of our people.

A unilateral decision of the type you recommend might be fatal to our country. It might easily lose for us the precious technical advantage we now hold. Think of the desperate circumstance we would find ourselves in today had we followed the advice of one scientist, Dr. Robert Oppenheimer, a few years ago and abandoned the development of the H-bomb. Democrats and Republicans alike at that time saw the folly of such thinking. I am sure the more thoughtful members of both parties will see the extreme hazards to our national security in the course you recommend and advocate.

I stand steadfastly behind a policy of disarmament when we reach agreement with other nations for a safe and proper procedure of inspection so that we Amer-

icans will be sure that, as we take our guard down through agreement with Russia, we will not be exposing ourselves to their unrestricted power against which we will have no defense. This President Eisenhower has advocated time and again. It continues to be his policy and you, unfortunately, have completely distorted his position in your press release.

Yours very truly,

JOHN A. McCONE.

Senator ANDERSON. May I say I don't wish to imply that Dr. Lawrence and Dr. Teller went to the White House during the presidential campaign in 1956. I think it was in 1957. It was in the midst of an argument. It was not a political argument concerned in the elections.

My sole interest in this is to make sure that scientists are not worried that you do not approve of their speaking their minds frankly on a great many public questions. I have read steadily through the years the Bulletin of the Nuclear Scientists. It is not always in agreement with the policy of the United States, but it is stimulating reading just the same.

I am sure that these scientists, who do have strong views and want to express them, would like to feel they can express them as the Los Angeles Chapter of the Association of American Scientists or other local groups and not be worried. That is my main interest in trying to bring this out, because I do know that some scientists are worried about it.

Representative HOLIFIELD. Mr. Chairman?

Senator ANDERSON. Mr. Holifield.

Representative HOLIFIELD. Mr. McCone, I listened very carefully to the reading of your letter. I certainly think you had all the right in the world to write such a letter. There are many things in the letter with which I concur. I have debated in public with Dr. Linus Pauling against this so-called position, which, as I understand it, is a bit fuzzy and is quite a bit on the unilateral side. I could not sustain such a position, myself. I think it will have to be an international agreement which will run concurrently and which will be adequately policed and inspected to insure compliance by an international team probably of inspectors.

There was one thing, however, that I noted in your previous statement which I thought I might ask you a question on. You have made the statement that this group of scientists was using the university as a platform. I would like to know if, in signing their signatures, they signed it as individuals or did they sign it as 10 scientists of California Tech University, or if that was a reference that was given to the letter by a newspaper headline.

Mr. McCONE. I think they signed it as individuals, but it was accredited and probably by newspapers.

Representative HOLIFIELD. This, of course, would be a normal thing for a newspaperman to do. Yet I would ask you this question: If a group of people from any university or any organization signed a letter of public criticism or public policy as individuals, would you put them in a different capacity than an individual writing a letter of criticism such as you have written here today?

In other words, the fact that there were 10 people together stating a policy would not prejudice your mind against the policy that was stated, would it?

Mr. McCONE. Not at all, sir.

Representative HOLIFIELD. So your objection then, fundamentally, is as to their position and not the fact that they happen to be members of a single university or a criticism of the fact that they acted as a group?

Mr. McCONE. That is correct.

Representative HOLIFIELD. So you would grant a group of people the same freedom to express their opinion as you would an individual?

Mr. McCONE. Most certainly.

Representative HOLIFIELD. That is the only point I wanted to clear up.

Senator ANDERSON. That was the point I was hoping to get cleared up. I am glad to have it.

Representative HOLIFIELD. At the time of the chairman's statement, Dr. Mark Mills, who has passed away since that time, and Dr. Teller and Dr. Lawrence did act as a group from a university and did express themselves during the political campaign, and there is no doubt that the weight of their prestige had something to do with it. But I do not know that any member of this committee has ever criticized them for making a statement, as a group or as individuals, of their earnest convictions.

I would grant Dr. Pauling and the other people who believe in his position absolute freedom to express it, while reserving my right to violently disagree with them. I hope that you would have the same type of attitude and mind on these controversial subjects.

Mr. McCONE. I do not think there is any difference in the position between you and me, Mr. Holifield, at all.

Representative HOLIFIELD. That is all.

Senator ANDERSON. Mr. McCone, a good deal of the mail that I got after your name came up had to do with your partnership in the firm of Bechtel-McCone. The Bechtel people are, I think, very competent engineers, very able people. Are your past or present relationships with Bechtel such that it would make any difference whatever in the consideration of that firm when they came to you with a proposal, that you would divorce yourself from your history and treat them as strangers?

Mr. McCONE. I think in order to develop that position of complete independence as far as possible to do so, I have, as I read in my statement, arranged to dispose of the one remaining common interest I have with the Bechtel family, and that transaction will be completed before I take office. Then I will have no business interest whatsoever.

I can assure this committee that I can, as a member of the Commission, evaluate any matters in which Bechtel Corp. is interested without bias or prejudice one way or the other, either pro or con.

Senator ANDERSON. Do you know that Mr. Kenneth Davis, who is the Director of Reactor Development of the Atomic Energy Commission, since your appointment has announced he has resigned to accept a position with the Bechtel Corp.? Would you regard that as significant in any way?

Mr. McCONE. I was told that a man, and I did not know that it was Mr. Kenneth Davis, had indicated that he was going to resign from the Commission and go to work for Bechtel Corp. This was told me by one of the Bechtel Corp. executives with whom I wanted to talk, to discuss the scope of Bechtel's AEC contracts and commitments. I kept that in the back of my mind.

I would like to dissuade Mr. Davis of his intention to leave the Atomic Energy Commission. I am personally alarmed over reports that I got of important staff people and executives who are leaving the Commission.

Senator ANDERSON. I am glad you are alarmed, because Mr. Roddis was his deputy, was he not, and I understand he has left, and right on down the list.

Mr. McCONE. I think this is a very, very serious problem. That is one thing that I intended to give immediate attention to. I solicit the assistance of the committee.

Senator ANDERSON. Mr. Goodwin, the Assistant Director, has also resigned. And Kenneth Fields, the General Manager, who in my book is one of the most capable men who has been over there, has resigned. Dick Cook has resigned to go with AMF.

I must say that after we finished with the Dixon-Yates unpleasantness, I was not too enthusiastic about Mr. Cook, but those people who know him are, and I am perfectly willing to say he must be a fine man.

But one by one the exodus has taken place. I do hope that one of the first things you may do is to make it an order of business to try to keep some of these fine people who admittedly for years have been able to leave for better positions in private industry.

There is Dave Shaw, who came in here from Hanford and who brought a great deal of joy to many hearts when he came here, because we all regard him as a very, very competent person.

You cannot afford to lose men like that to private industry if you can help it, and private industry, I do not believe, is helping the general program by what looks to be a sudden raid on personnel.

We just got through passing a bill to raise the salaries so they could hold these people. I guess that was a great advantage to them to get higher salaries where they went but it is disappointing to us.

I hope that in case you are confirmed—and I regard it as a very likely possibility—you will enlist the forbearance of some of these people until at least you have had a chance to recruit your own team.

Mr. McCONE. I want your help and the committee's help in this problem. It is not a wholly unfamiliar problem. It is one that you have to deal with in the Pentagon Building at all times. There is always the temptation of aircraft manufacturers and others to tempt these very capable and able young officers to give up their careers and accept positions in industry.

Senator ANDERSON. It is not confined to the private companies outside. The Livermore Laboratory had a very fine scientist in Dr. Herbert York. He was brought in to Washington, I understand, at \$33,000 a year, and that automatically has leavened the whole mass.

Mr. McCONE. Yes, I heard about that, too.

Senator ANDERSON. I am glad you did because I tried to spread the gospel that that does not solve any of our problems.

What are your past and present relationships with Parsons Engineering? Were they not your partners at one time?

Mr. McCONE. They (the Ralph M. Parsons Co.) were our partners in 1942 and 1943 and I have had no relationship since that time.

Senator ANDERSON. Parsons has had a number of AEC contracts.

Mr. McCONE. I am not familiar with that. I know he was operating a reasonably large engineering firm. I am not familiar with his work at all.

Senator ANDERSON. Are there other large industrial organizations with which you have had rather intimate business relationships that do business with the Atomic Energy Commission? Kaiser, for example?

Mr. McCONE. Kaiser, yes; I have some business relationships with Kaiser inasmuch as a jointly owned company, 25 percent of which is owned by Hendy and 50 percent is owned by Kaiser Aluminum, has a long-range contract, negotiated 2 or 3 years ago, to transport Kaiser's bauxite from Jamaica to Baton Rouge. This company has built three ships for the purpose of carrying out that contract.

Senator ANDERSON. Are there others that are common patrons of the AEC?

Mr. McCONE. Hendy, in its intercoastal and coastwise transportation of chemicals, transports products for Union Carbide, Dow Chemical, Standard Oil of New Jersey, Standard Oil of California, and others. Those are commercial transportation contracts, some of them of very short range, such as a single voyage, some of them of 5 years or more.

Senator ANDERSON. Do you think the trustee relationships you have established for your wholly owned corporation, Hendy, sufficiently insulates you in your capacity as a public official?

Mr. McCONE. I think so.

Senator ANDERSON. Would your firm continue to deal with these firms in the atomic energy field such as Union Carbide?

Mr. McCONE. Yes, I would expect that they would continue.

Senator ANDERSON. Union Carbide is a large customer of Hendy's?

Mr. McCONE. Yes, they are.

Senator ANDERSON. You have attempted to transfer your interest in that in such a fashion that you will not be involved in the future relations between your firm and that firm?

Mr. McCONE. I will be involved in no way whatsoever. As a matter of fact, although we have been doing business with Union Carbide for several years, I do not know a single individual employee, officer, director, or manager of Union Carbide.

The whole business has been handled by people in the Hendy organization other than me.

Senator ANDERSON. I believe I understood that but I wanted to get the situation for the record.

Now, will your company, the Joshua Hendy Corp., seek any contracts from AEC or accept them if tendered to them?

Mr. McCONE. No; they will not. In fact, the trust agreement, as I indicated in my statement, definitely forecloses them from accepting any contract, directly or indirectly, with the AEC or acquiring any stock in any corporation or engaging in any venture with anyone that has AEC work.

Senator ANDERSON. What if your firm, under this trusteeship, decides to go into the nuclear ship propulsion business?

Mr. McCONE. They cannot do that. The trust agreement forecloses that. Hendy would enter into no contracts, nor be engaged in any way, in the building of, or operation of, vessels using nuclear propulsion during the life of this trust agreement.

Senator ANDERSON. That being true, would there be any temptation for you to try to steer the interest of this company away from nuclear ship propulsion or would you try to expand that field? I know that question implies that you might not be strictly loyal to all your duties. I do not mean it in that way. I am personally very, very much interested in nuclear ship propulsion and the development of a fleet of tankers propelled by nuclear propulsion for the long haul that would go clear around Africa and bring oil from Iran and elsewhere to the European market.

Would the fact that Hendy would be barred from nuclear ship propulsion in any way deter you from pushing this program?

Mr. McCONE. None whatsoever.

Incidentally, I share your views as to the importance of this development.

Senator ANDERSON. I was fully convinced in my own mind what your answer would be but I thought it was important for this record to have it asked and answered.

Mr. McCONE. I am glad the question was asked.

Senator ANDERSON. The AEC has a policy of ethical standards for its employees and officials. May I read from it?

Conflict of interest.—Employees, including consultants and designees, shall avoid situations which require, or appear to require, a balancing of private interests or obligations against official duties.

Would there be anything in that that would in any way embarrass you in your conduct in this office because of your former associations?

Mr. McCONE. None whatsoever.

Senator ANDERSON. Do you think any extensive business relationships between your wholly owned firm and industrial concerns in the atomic field might appear to require a balancing of private interests against official duties?

Mr. McCONE. No.

Senator ANDERSON. I say frankly I do not think so, either, but I do recognize that it is going to be a hard course to steer when you are dealing directly with Union Carbide as Chairman of the Atomic Energy Commission and Union Carbide is a prize customer of your privately owned firm.

Mr. McCONE. I have done a great deal of soul searching on that question, as you know. This was the reason why I hesitated in accepting this nomination because, while I was confident as to my conduct, I did not want to be in a position where someone would even suspect I was acting under prejudice and bias.

I wrote a letter on June 2, to Governor Sherman Adams and I would like to introduce that letter into the record.

I have his permission to do so. That letter was transmitted to the Attorney General with attachment, a copy of which you have as part of the official record of this meeting.

Senator ANDERSON. Do you want to submit that for the record?

Mr. McCONE. I will submit it for the record.

Senator ANDERSON. Without objection, the letter to Mr. Adams will be placed in the record.

(The letter referred to follows:)

JUNE 2, 1958.

Gov. SHERMAN ADAMS,
The White House,
Washington, D. C.

DEAR SHERM: Enclosed are three copies of a brief summary of my current holdings and the activities of closely held companies in which I have an interest. All of this information was given to Mr. Wilkie orally on Thursday. He requested a memorandum, and you may pass this on to him if you desire.

For reasons which I discussed with you, it is not practical for me to divest myself of the ownership of my holdings. Therefore the question of any possible conflict of interest must be carefully weighed. I can be relieved completely of active management responsibilities and resign as an officer and director of all companies and, if desired, can place my stock in a voting trust so that I will be removed from control. However, I will continue to benefit from any success these interests may enjoy.

While companies in which I have interests are not engaged in Atomic Energy Commission contracts, you will note they are, and I personally am, engaged in contracts or joint endeavors with important AEC contractors. This could be construed as reason for prejudice or bias on my part when dealing with the relationship between the Atomic Energy Commission and the parties with whom my companies have business arrangements. I am thinking of such important AEC contractors as Union Carbide, Kaiser Engineers, Betchel Co., Dow Chemical, Utah Construction Co., and possibly others.

I sincerely hope that such an objection will not be raised, but I feel the possibilities should be carefully considered by you and others before formal action is taken on the proposed appointment.

Sincerely, and with warm regards,

JOHN A. McCONE.

Mr. McCONE: If I can introduce that letter in the record, the attachment, which was referred to, is a 4- or 5-page document which you have. I could say, Mr. Chairman, that I have resolved this question in my own mind. It has been reviewed by the Attorney General's Office and I am happy to have an opportunity to express myself on that very point before this committee.

Senator ANDERSON. I do want to say to you that I know it is sometimes hard to understand the reasons for questions of this nature but on the other hand, I feel that if these questions are asked in advance it is much better, with the hope that nobody at a subsequent date will come up and say, "Well, this firm does business with the Union Carbide."

We know your firm does business with the Union Carbide and I am perfectly satisfied to let that relationship continue. I hope that the day never comes that a man, in order to hold a position of public responsibility, has to be somebody who has never acquired a dollar's worth of property in his life.

Are there any questions on this matter?

Have you or your corporation made gifts to public officials, local, State, or Federal?

Mr. McCONE. No, sir.

Senator ANDERSON. Have you made any commitments with reference to several policy matters that I am going to ask about? If you feel you cannot answer, all well and good.

As to weapons testing, for example?

Mr. McCONE. No.

Senator ANDERSON. I ask that because just in the last day or two there was a statement that a man connected with the Atomic Energy Commission still did not feel it was safe militarily to engage in the suspension of tests. On the same day there was a story in the newspaper, in the same paper, on the same page, saying that our people were arriving at Geneva, ready to start discussions.

I think if there is a strong feeling on your part that there must never be any halt in the tests, that ought to be known, because it will be in sharp conflict with, I imagine, the opinion of the Secretary of State, John Foster Dulles, who apparently is trying very sincerely to arrive at a suspension of tests with proper safeguards that Senator Knowland mentioned.

You have no opinion that cannot be shaken on that question if the safeguards were satisfied?

Mr. McCONE. No; I have no opinion. As I expressed in that letter to Dr. Lauritsen that I read, the closing paragraph, I am a great supporter of a program under adequate and proper safeguards. In answer to your specific question, I have made no commitment. I have no irrevocable conviction on this question.

Senator ANDERSON. How about the increased facilities for the production of plutonium?

This is a long story and I am not trying to involve you in it improperly, but in this authorization bill which the Joint Committee is reporting out today, there is a provision for \$145 million for a plutonium-producing reactor, the need for which the committee felt had been indicated by the military in repeated appearances and which I think safely is something that the committee was unanimous upon.

I do not think that the Atomic Energy Commission was completely unanimous on it even though the AEC had asked the Bureau of the Budget for \$120 million for a reactor.

I am not asking you to commit yourself on what you will do with this item or some other item in the future, but have you any fixed conviction we should not increase the amount of plutonium now being manufactured in this country?

Mr. McCONE. No; I have no conviction, nor have I any opinion, because a person would have to study the most classified of all information to develop an opinion as to plutonium requirement in excess of our production capacity, and I have not done that.

Senator ANDERSON. Now, on the atomic-power program, there will be, of course, requests for expansion of it and in the past it has tended to get political. Therefore, I give you that warning in advance. I think it is possible to have an expanded atomic-power program without its becoming political; I hope it is.

I am wondering if you have any ideas on that that you care to give us at this time, or will you desire to reserve judgment?

Mr. McCONE. I am happy to express some views that are more my philosophy on the subject rather than to deal with any specific projects. I know of the specific projects as a layman from reading of them in papers, reports, and magazines, but I have not visited them and studied them as one must do to thoroughly understand them.

I think that the development of nuclear power, atomic power, is vitally important to this country. It is not so important in our own immediate power needs because we do have cheap sources of fuel in this country and conventional powerplants are adequate. That circumstance may not always exist. This Nation must be most competent, in my opinion, in this field. That does not mean that we have to necessarily be the largest producers of power from nuclear resources in terms of kilowatts, but we must be the most advanced technologically; and I think that we must be energetic and recruit all available technical resources to get along with that job just as fast as we can, utilizing all sources of help, the scientists of the Commis-

sion, other scientific groups, and the engineering and scientific organizations of private industry.

Basically, I feel that the recruitment of interest on the part of private industry, the fact that there are some 120 or 130 power companies that have joined in one group or another to advance the program, is very gratifying. Whether the level of effort is sufficient, whether it should be increased, whether there should be other approaches to further facilitate the work, is a matter that I will have to study.

Finally, I think that we must in a matter as complex as this, as costly as this, all agree on a long-term program and then work to that end, varying it only as technological and economic developments seem to dictate. I am not persuaded by the fact that in a matter of this kind, which is in an experimental stage, a developmental stage, that the question of public and private power is particularly overriding in its importance. Perhaps down the road a ways it will be. I am not so sure that it is right now.

Senator ANDERSON. May I say, Mr. McCone, that out in your own State of California, many of us have been very much interested in the results of the building of the Vallecito plant, which was done by private industry with some Government research plans behind it.

I talked yesterday with officials of that private utility who are encouraged to go ahead in the building of a plant near Eureka. They call it another name, they have another term other than the Eureka plant, but it is a very promising development resulting from the construction of an earlier plant. I think only as we build these plants are we going to get it down to where it is attractive abroad or here at home.

I quite agree that the public and private power can very advantageously wait until we get something that is economically feasible. Certainly there is no great blessing in what we have in Shippingport so far as preference clause is concerned, because that preference clause only means they can buy it at 8 mills, whereas it is costing the Government 80 mills to produce it, where the Government loses and they lose on every kilowatt that is produced there, but I think it will lead to something that I think will be very fine.

There is in the Atomic Energy Act a section 203 that it is the obligation of the Atomic Energy Commission to keep the Joint Committee fully and currently informed. Have you had a chance to examine that and come to any conclusion as to whether you feel this is an obligation that must be carried out fully?

Mr. McCONE. It is in the law, and certainly it must be carried out fully.

I take it from your remark about the learning of a large weapon explosion and test explosion through a report from Japan, that this point concerns you. If confirmed and I take office, I would like to develop with this committee and with my associate commissioners some ground rules as to just how this clause in the act may be carried out to your complete satisfaction, then we will adhere to that. It is a little hard to say just what is fully and completely informed.

Senator ANDERSON. May I try to illustrate it this way: that you will find in the hearings on this recent exchange of information bill a chronology relating to the laws, and in that chronology it was pointed out that the Joint Committee was talking almost every week with the Atomic Energy Commission about its program. The discussions with

the British had been going on for months before word of it came to the Joint Committee and then the committee was asked in a very short time whether it would or would not approve the transfer of secret knowledge to the British. Thereupon, the committee tried to find out something about British security. The report did not get back within the 30-day period we were allowed and the transfer was made, even though the Joint Committee unanimously sent a letter urging that the matter be carefully considered. I will not say delayed because there was some language in there that could be either way.

Now, the newspapers of July 2 have a story reading: "French atom role weighed by British."

Under a London dateline, it says:

A public debate opened today on whether Britain and the United States should help France produce nuclear bombs.

Do you believe that debate should be only in Britain or might a little of it be in the United States, since it is our bombs they will be getting? That is my question.

I am just going to suggest to you that if we hear about it after it is all over, it is not quite as satisfactory, I do not believe, to the members of the Joint Committee. If the British Parliament can discuss it openly on the floor of Parliament, it is not so much of a secret but what the Joint Committee could hear about it in private. That is all I am thinking about as currently and fully informed.

I could give you a sample of it from former Chairman Cole and from Senator Hickenlooper. I quote Senator Hickenlooper because the Cole-Hickenlooper Act properly wrote in some safeguards on this point:

I am not prepared to pass on the question of the individual right of an individual member, as such, to exercise the prerogatives which the law gives the Joint Committee. I do say that the Joint Committee, acting through its chairman, or through any properly designated representative of the Joint Committee, has an absolute right to the instantaneous production of any information on any subject which is in the official purview or responsibility of the Atomic Energy Commission.

Mr. Cole said much the same thing.

When we come to deal with this question of the French getting our nuclear weapons, I do hope the Joint Committee has some knowledge of the discussion.

There is in the statute what has been called the Murray amendment. It is section 21. It provides:

Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all directions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote.

Are you in accord with that provision?

Mr. McCONE. Yes; I am.

Senator ANDERSON. I do not want to get over into the province of things that are not proper to discuss here this morning, but the Senator from California asked you about your responsibility if you became Chairman of the Commission.

Could you advise us, if you do become Chairman, whether you will also wear another hat as the President's adviser on atomic matters?

Mr. McCONE. There has been no discussion with me on that at all.

Representative HOLIFIELD. Mr. Chairman?

Senator ANDERSON. Mr. Holifield.

Representative HOLIFIELD. On that point, Mr. McCone, the Atomic Energy Act was set up originally to have the administrative organization composed of five Commissioners. This was done for a very definite purpose. It was to bring the abilities and various backgrounds of the five Commissioners to this great problem. The commission form was used rather than to have a one-man administration.

Now, in the case of the past few years there has been, in my opinion, and I speak as an individual now, a conflict of function which has nullified to some extent the five-man Commission. This came about as a result of the former Chairman being also in this second-hat capacity as the President's special adviser. While recognizing that the President has the right to get anyone to serve as special Presidential adviser, nevertheless, in instances where the Commission, by a majority vote, voted against the Chairman, the Chairman, due to his duality of office, could go to the President as the Presidential adviser and obtain a reversal of the decision of the Commission.

Many of us thought that this was a conflict which affected the independence of the Commission. Do you have any thoughts in regard to such a conflict, whether it does constitute a conflict or not?

I ask you this because, if you are appointed as Chairman, there might be a possibility that you would also be appointed as special Presidential adviser, and even though there was a 4- to 1-vote against you as chairman of the Commission on some policy, you could go as a Presidential adviser and advise the President to overturn the decision of the Commission.

Mr. McCONE. I can see that there might be a conflict, Mr. Holifield.

Mr. HOLIFIELD. This is not a hypothesis on my part. This has actually happened.

Mr. McCONE. I have not given much thought to the question. It has never been discussed with me. I rather assumed that Mr. Strauss, having started as Presidential adviser before he was Chairman of the Commission, continued on in both roles. The Chairman prior to Mr. Strauss served the President directly as Chairman of the Commission.

Now, whether there are some reasons why it is necessary to be a special assistant to the President in addition to Chairman in connection with National Security Council functions, or something else, I don't know. I would not think so.

As far as carrying out of the mandates of the Commission, the law is quite clear that the majority vote of the Commission is the rule of the Commission.

As far as convincing or persuading the President to overrule a decision of the Commission, if you are inclined to do that you can do it as a Commissioner or special adviser and furthermore, the President's office is available to all of the Commissioners if they want to appeal to him.

I don't think there is any foreclosure on any one Commissioner approaching the President.

Mr. HOLIFIELD. Of course, this has not been the case. All the Commissioners have not had the ear of the President and the fact that the Chairman generally was considered as spokesman for the Commission, and then in a dual capacity as special Presidential adviser, has in my opinion, to some extent, nullified the independence

of the Commission, because once having been overruled by a minority intervention on the part of the Chairman with the President, the Commission cannot help but be cognizant of this precedent and in future votes have some tendency, in my mind, to effect the independence in further Commission action.

Mr. McCONE. I would think that the President's views would be reflected to the Commission through the Chairman whether he was serving as Chairman or serving with two hats, so to speak.

I have not distilled my thoughts on this because I do not know anything of the responsibilities that the special adviser to the President has other than the responsibility to the President as the Chairman of the Commission.

Senator ANDERSON. Maybe I can help you by pointing out and I was going to say to you, I know there is nothing in the world as unpleasant as unsolicited advice. So I am not going to advise you not to wear both hats, but to suggest to you that you will be happier if you do not.

For example, the Commission makes the recommendation with reference to a plutonium reactor to cost \$120 million.

Now, if you are wearing both hats and the Commission has brought that recommendation to the Bureau of the Budget, the Bureau of the Budget then asks the Presidential adviser what he thinks about it, then it comes back with an unfavorable report, it does put the proponent of it in a rather strange light, which could be a situation, at least, where you recommended one thing as Chairman of the Commission and then went around to the same people and said, "Now, I have on my other hat. As the President's special adviser I would like to cut that item out that the Commission acted upon."

I am not saying this has happened. I am only saying it could happen and I believe it would make you unhappy in the role you assume.

You will have other troubles without involving this contradiction of yours.

Senator HICKENLOOPER. Mr. Chairman, I think it is only fair to say that in any event if Mr. McCone becomes Chairman of the Commission and the President asks him to go over to the White House and give him his views, he would be bound to go and give him his views whether he wore 1 hat, 2 hats, or 18 hats.

I presume the President can request any executive or administrative official to give him his views. I do not see that it makes too much difference.

Personally, I do not see any reason for two hats, myself.

Senator ANDERSON. That is exactly the point.

Senator HICKENLOOPER. But I do not think it makes the slightest bit of difference. I do not think it changes the situation in the least and I think if the President wants to know something about the work of the Commission his natural inclination would be to send for the head of the Commission and ask him to give him the facts.

Senator ANDERSON. I think history would indicate the difficulty. We tried to find out why the Joint Committee had not been fully informed on something.

The next question was why did not a member of the Commission tell us. Because the information was not imparted to the individual who had it as Chairman of the Atomic Energy Commission. He got that as the President's special adviser.

Therefore, he did not tell the other Commissioners.

That is what I am trying to get to, the danger of it.

If you have access to material that you cannot tell the people who are associated with you, I think your task will be an unpleasant one.

The outer space bill provides there can be no dual offices on the part of the Chairman. I think that is a good provision, because I do think it leads to a distinction which you would not enjoy, and problems would never arise if you were left to yourself.

Mr. McCONE. I do not imagine that this problem will come up, Mr. Chairman. I think if it had to come up it would have been discussed in one of my recent conversations. It has not been. I don't think it is going to arise.

Senator ANDERSON. Are there additional questions?

Thank you very much for being a very fine witness.

Mr. McCONE. Thank you, very much, Mr. Chairman.

Senator ANDERSON. The hearing is adjourned.

(Thereupon, at 12 noon, the Senate section of the Joint Committee was adjourned.)

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